

BANC OHIO CORPORATION

51 NORTH HIGH STREET
COLUMBUS, OHIO

annual report 1954

January 25, 1955

TO THE SHAREHOLDERS:

Despite a somewhat adverse trend in the national economy prevailing early in 1954, our silver anniversary year proved to be a very successful one. I am sure that you will share with me a justifiable pride in your corporation's accomplishments and will read with interest its financial statements contained in this report, which have been examined by our auditors, Price Waterhouse & Co. Accompanying these statements are summaries of The BancOhio Banks financial data.

The consolidated net operating income of the Corporation and its affiliated banks for the calendar year 1954 after deducting all taxes, reserve appropriations, depreciation and minority interests' in earnings, amounted to \$2,690,327.14, or \$3.54 per share. Included in the reserve appropriations was \$720,478.60 in provision for possible future bad debts and loan losses which the banks' officials deemed prudent in line with general credit practices and in view of the expanding loan accounts. Also included in reserve appropriations was \$1,564,762.44 provision for possible future market depreciation in U. S. Treasury securities, this amount representing profits taken on such securities in 1954. These two reserves are deducted from the asset accounts and therefore are not included in the statements of capital and surplus. Regular dividends of \$1.20 and an extra dividend of 30 cents totaled \$1.50 per share for the year.

The capital and surplus of BancOhio Corporation totaled \$31,694,747.35 on December 31, 1954, representing a book value of \$41.74 per share. The surplus account was increased \$1,563,500.86 to record the Corporation's interest in the retained net earnings of the affiliated banks, such amount being exclusive of the additions to the loan and bond reserves of the banks. The surplus account of the Corporation also was increased \$34,404.23, representing appreciation recognized on assets received upon the liquidation of the Union Licking Bank of Newark, such liquidation being incident to a banking consolidation in Newark, Ohio. This merger was effected in October, 1954 by a consolidation of our two banks in Newark, under the charter of The First National Bank, thereby effecting improved banking services, enlarged loaning limits and economy of operations.

During the year a branch office of the Worthington Savings Bank was built and opened for business. A branch for the Ohio State Bank, Whitehall, is now being constructed in the Great Eastern Shopping Center, and a branch of the Ohio National Bank is being built in the Central Point area. A permit has been granted the Ohio National Bank for still another office to serve the rapidly growing western section of the "Col-Met" area. An intensive study is being made of the whole question of branch banking needs, not only in Columbus, but also in the other communities where the Corporation has banks.

The new banking office in downtown Mt. Vernon was completed and opened for business early in 1954, and later in the year "drive-in" accommodations together with parking space were inaugurated at our bank in Chillicothe.

As of December 31, 1954 the total resources of the banks had reached \$593,055,055, a gain of \$30,307,064 in the year. At the last tally the banks were serving over 411,000 customers.

At the 1954 year end total loans in our group of banks amounted to \$146,917,244 and their bond accounts totaled \$317,859,122, and included \$262,769,605 in United States Treasury issues having an average maturity of four years and eight months. There also were in the combined accounts \$52,785,511 of state and municipal bonds having an average maturity of four years and six months, and \$2,304,006 in other securities, mostly composed of Canadian Provincial and Municipal issues, high grade railroad equipment bonds, and including \$723,900 in stock in the Federal Reserve Bank.

At our annual meeting you are being asked to ratify the action of the board of directors in revising upward the retirement plan for eligible employees of the corporation. The revised plan also provides benefits under our long established hospitalization plan for a period of two years following retirement.

I cannot praise too highly the efforts of the devoted people who are associated with us and who have contributed so largely to our success. I acknowledge, likewise, the fine interest of so many of our shareholders in channeling new business to our banks, which has aided so materially in our growth and earnings.

I again call your attention to the matters as outlined in the notice of the annual meeting which are to be voted upon by the shareholders. Your vote at this meeting, either in person or by proxy, will encourage and support your management. If you are not planning to attend this meeting, won't you please send in your executed proxy as promptly as possible?

Respectfully submitted,

James R. Coppins

James R. Coppins, President

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PRICE WATERHOUSE & CO.

Fifty West Broad Street
Columbus 15, Ohio
January 17, 1955

To the Board of Directors of
BancOhio Corporation

We have examined the 1954 financial statements of BancOhio Corporation (parent company only). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, but we did not examine the financial statements of the subsidiary banks. However, we reviewed the copies of the state and national bank examiners' 1954 reports presented to us; the reports indicated that all subsidiary banks were examined during 1954 by such examiners.

The investments in subsidiary banks are stated on the basis of the parent company's equity in the net assets of the banks as shown by their December 31, 1954 financial statements; the net increase in the investment account, resulting from such basis, is included in surplus. The financial statements of the banks were certified by responsible bank officials to be copies of the statements filed with either the Comptroller of the Currency or The Division of Banks of the State of Ohio.

Based on our examination described above, and with the explanation in the preceding paragraph as to the basis for stating the investments in the subsidiary banks, it is our opinion that the accompanying balance sheet and statements of income and surplus of the parent company—BancOhio Corporation—present fairly its position at December 31, 1954 and the results of its operations for 1954, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

BANCOHIO CORPORATION

(Parent company only)

STATEMENT OF INCOME YEAR ENDED DECEMBER 31, 1954

Income:

Dividends from subsidiary banks	\$ 1,209,448.60
Other income (interest \$67,215.79).....	70,815.79
	<u>\$ 1,280,264.39</u>

Expenses:

Salaries, sundry taxes, office fixtures and equipment and other operating expenses	\$ 514,238.11
Less — Service charges to subsidiary banks.....	470,800.00
	<u>\$ 43,438.11</u>
Federal income taxes 1954 — estimated.....	110,000.00
	<u>153,438.11</u>
Net income, carried to surplus.....	<u><u>\$ 1,126,826.28</u></u>

STATEMENT OF SURPLUS YEAR ENDED DECEMBER 31, 1954

Balance at December 31, 1953.....	\$14,912,381.19
Increase in 1954 in equity in net assets of subsidiary banks represented by:	
Undistributed net operating income — after provisions for pos- sible future bad debts and loan losses.....	\$1,430,479.61
Net security profits (after taxes) — after provisions of \$1,564,- 762.44 for possible future market depreciation in U.S. Treasury securities	133,021.25
	<u>\$1,563,500.86</u>
Net income in 1954 per above statement of income.....	1,126,826.28
	<u>2,690,327.14</u>
Adjustments (net) arising from changes in minority interests in sub- sidiary banks during 1954.....	9,196.32
Fair market value of net assets received on liquidation of Union Licking Bank, Newark, in 1954.....	\$ 828,783.30
Less — Amount carried in investment account in respect of such net assets	794,379.07
	<u>34,404.23</u>
	<u>\$17,646,308.88</u>
Cash dividends paid — \$1.50 a share*.....	1,139,040.00
Balance at December 31, 1954 (see note to balance sheet)	<u><u>\$16,507,268.88</u></u>

* To be reported by shareholders for federal income tax purposes as follows:

Received before August 1, 1954 — \$0.60 a share
Received after July 31, 1954 — \$0.90 a share

THE BANCOHIO BANKS

SUMMARY OF COMBINED TOTAL NET ASSETS AT DECEMBER 31, 1954

Assets:

Cash and due from banks (including \$4,706,702 due from affiliated bank).....	\$124,536,194	
Securities:		
Amortized cost (approximate market):		
U. S. Treasury securities	\$262,769,605	
State and municipal bonds.....	52,785,511	
Other bonds and securities	1,580,106	
	<u>\$317,135,222</u>	
Less reserve for possible future market depreciation in U. S.		
Treasury securities	1,580,773	
		<u>315,554,449</u>
Stock in Federal Reserve Bank.....		723,900
Loans (less \$2,239,601 reserves).....		146,917,244
Banking premises and equipment.....		5,323,268
		<u>165,628</u>
		<u>\$593,055,055</u>
		<u>146,917</u>
		<u>18,711</u>

Liabilities:

Demand deposits (including \$2,453,083 deposits of BancOhio banks and BancOhio Corporation).....	\$405,706,299	
Time deposits	150,513,513	
	<u></u>	
		\$556,219,812
Interest, taxes, etc.		3,412,033
Unearned income		2,733,448
		<u>\$562,365,293</u>
Combined total net assets		<u>\$ 30,689,762</u>

SUMMARY OF CHANGES IN COMBINED TOTAL NET ASSETS DURING 1954

Combined total net assets at December 31, 1953.....	\$ 29,096,396	
Contributions by BancOhio Corporation to capital of banks		796,000
		<u>\$ 29,892,396</u>
Net assets paid out (to BancOhio Corporation) on liquidation of Union Licking Bank of Newark.....		794,379
		<u>\$ 29,098,017</u>
Net income for 1954:		
Net operating income — after provisions for possible future bad debts and loan losses	\$ 2,695,393	
Net security profits (after taxes) — after provisions of \$1,580,773 for possible future market depreciation in U. S. Treasury securities	134,352	
	<u></u>	
		2,829,745
		<u>\$ 31,927,762</u>
Cash dividends paid (\$1,209,449 to BancOhio Corporation)		1,238,000
		<u>\$ 30,689,762</u>
Combined total net assets at December 31, 1954.....		<u>\$ 30,689,762</u>

THE BANCOHIO BANKS

DEPOSITS, CAPITAL AND SURPLUS, UNDIVIDED PROFITS AND CONTINGENT RESERVES—COMBINED—AT DECEMBER 31, 1954

	Total Deposits	Capital and Surplus	Undivided Profits and Contingent Reserves	Net Assets
OHIO NATIONAL BANK OF	\$353,085,284	\$14,000,000	\$2,776,264	\$16,776,264
FIRST NATIONAL BANK OF	6,244,356	400,000	29,897	429,897
FIRST NATIONAL BANK OF	15,558,799	800,000	218,469	1,018,469
SECOND NATIONAL BANK OF	3,210,319	250,000	94,766	344,766
FIRST NATIONAL BANK OF	14,605,533	800,000	190,979	990,979
FIRST NATIONAL BANK OF	11,860,837	450,000	256,139	706,139
HOCKING VALLEY NATIONAL BANK OF	11,852,218	500,000	123,453	623,453
FARMERS & MERCHANTS BANK OF	6,682,769	300,000	160,345	460,345
FIRST NATIONAL BANK OF	6,034,662	300,000	161,868	461,868
FIRST NATIONAL BANK OF	6,103,417	225,000	142,797	367,797
KNOX COUNTY SAVINGS BANK	8,255,923	500,000	230,345	730,345
FIRST NATIONAL BANK OF	18,006,739	1,200,000	245,360	1,445,360
PERRY COUNTY BANK	2,452,710	150,000	22,022	172,022
THE NATIONAL BANK OF	12,514,828	600,000	198,322	798,322
FIRST NATIONAL BANK OF	28,936,658	2,000,000	201,311	2,201,311
FIRST NATIONAL BANK OF	7,328,309	400,000	138,178	538,178
FIRST NATIONAL BANK OF	7,657,010	300,000	123,848	423,848
OHIO STATE BANK	6,117,730	156,720	80,019	236,739
FIRST NATIONAL BANK OF	5,546,990	300,000	132,954	432,954
WORTHINGTON SAVINGS BANK	7,179,806	375,000	53,436	428,436
CITIZENS NATIONAL BANK IN	16,984,915	900,000	202,270	1,102,270
COMBINED TOTALS	\$556,219,812	\$24,906,720	\$5,783,042	\$30,689,762
Less — Minority interests		563,974	159,051	723,025
BANCOHIO CORPORATION EQUITY		\$24,342,746	\$5,623,991	\$29,966,737

BANCOHIO CORPORATION

(Parent company only)

(An Ohio corporation — Incorporated in 1929)

BALANCE SHEET

DECEMBER 31, 1954

ASSETS

Deposits in banks (\$144,975.44 in subsidiary bank).....	\$ 175,798.34
U. S. Government securities, at cost (approximate market)	1,314,604.75
Notes and accounts receivable (including \$275,484.75 from directors of subsidiary banks)—less \$85,000.00 valuation allowance.....	450,484.75
Investments in shares of subsidiary banks (acquired for BancOhio capital stock and cash)—stated on basis of equity in net assets of the banks at December 31, 1954.....	29,966,736.77
	<u>\$31,907,624.61</u>

LIABILITIES

Federal income taxes and other liabilities (estimated).....	\$ 212,877.26
Capital stock—\$20.00 par value:	
Authorized — 1,000,000 shares	
Issued — 759,378.049 shares (less 3.44 shares in treasury at cost).....	15,187,478.47
Surplus (see note below), per statement attached.....	16,507,268.88
	<u>\$31,907,624.61</u>

Note:

Accepting December 31, 1934 as a starting point, the total surplus account would be segregated as follows:

Capital surplus (net).....	\$ 1,874,054.80
Surplus from increase in equity in net assets of the subsidiary banks — since December 31, 1934.....	12,563,244.64
Earned surplus — since December 31, 1934 (including \$367,337.80 credit in 1954 — transferred from above "surplus from increase in equity" — representing excess of \$794,379.07 net assets received in 1954 liquidation of Union Licking Bank, Newark, over \$427,041.27 adjusted basis of investment therein as at December 31, 1934).....	2,069,969.44
	<u>\$16,507,268.88</u>